

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
GTE Telephone Operating Companies) CC Docket No. 92-141
Tariff F.C.C. No. 1)

ASSOCIATION FOR LOCAL TELECOMMUNICATIONS SERVICES
OPPOSITION TO DIRECT CASE

John C. Shapleigh
President and General Counsel

Association for Local
Telecommunications Services
7536 Forsyth Boulevard, Suite 1240
St. Louis, Missouri 63105

Counsel for ALTS:
Jonathan E. Canis
Swidler & Berlin, Chartered
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
(202) 944-4300

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SUMMARY

The instant proceeding presents the Commission with an invaluable opportunity and obligation to define and apply standards for the average variable cost ("AVC") test used under the Price Cap rules to determine the reasonableness of below-band filings. These standards must be crafted to ensure that LECs may not be able to set rates below cost, and should require that cost data be averaged over a five-year period to account for distortions caused by "lumpy" investment.

Under any reasonable interpretation of the AVC rule, GTE has failed to show that its proposed rates recover their relevant costs. Comparison of GTE's proposed rate reductions in four of its service areas with the effective rates in its other service areas (which will remain unchanged) strongly indicates that GTE's AVC is greater than reported. In addition, GTE apparently understates its costs for switched transport termination by excluding the costs of alarm, testing, and spare equipment. GTE understates its switched transport facility costs by excluding the costs of repeaters, conduit and tandem switches. GTE also excludes significant expenses, including marketing, billing and recordkeeping. Finally, GTE appears to overstate its output by establishing a vague and questionable methodology for converting bulk transmission capacity to voice grade-equivalent circuits.

Finally, GTE's attempt to promote a standard of reasonableness that considers "predatory intent" instead of the relationship of rates to cost is wholly without merit, and should be rejected.

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**ASSOCIATION FOR LOCAL TELECOMMUNICATIONS SERVICES
OPPOSITION TO DIRECT CASE**

The Association for Local Telecommunications Services ("ALTS"), by its undersigned counsel and pursuant to the Commission's 1992 Access Order,^{1/} hereby respectfully submits its comments on the direct case of the GTE Telephone Operating Companies ("GTE"), recently filed^{2/} in the above-captioned proceeding.

I. INTRODUCTION

ALTS is the national trade association for providers of competitive access services, most of whom compete directly against the GTE Telephone Operating Companies ("GTE") and/or other dominant local exchange carriers ("LECs"). ALTS precipitated the instant investigation by filing comments in opposition to the reductions in switched transport charges

^{1/} 1992 Annual Access Filings, CC Docket No. 92-141, DA 92-841, released June 22, 1992. The Commission granted ALTS' request for an extension of time for submission of comments on the GTE direct case in DA 92-1090, released Aug. 7, 1992 (1992 Access Order).

^{2/} GTE submitted its direct case on July 27, 1992. That filing, however, excluded cost data claimed by GTE to be proprietary. Following informal discussions among ALTS, GTE and the Commission Staff, and upon execution of a nondisclosure agreement, GTE released the cost data to ALTS on August 3, 1992.

proposed in GTE Transmittal No. 711 -- part of GTE's 1992 annual access filing. As companies that are attempting to bring effective competition to markets dominated by GTE and other LECs, ALTS members will be directly and critically affected by the outcome of this proceeding.

As ALTS shows below, the GTE direct case is flawed by gross underreporting of relevant costs and overestimation of service output, and so fails to demonstrate that the rates proposed by GTE recover their average variable costs ("AVC"). In addition, the proposed rates are otherwise offensive to the Communications Act, established Commission policy, and the public interest. As such, they must be rejected.

II. IN APPLYING ITS AVC TEST TO THE GTE FILING, THE COMMISSION MUST PROMULGATE STANDARDS THAT PROMOTE IMPORTANT PUBLIC INTEREST GOALS

When the Commission adopted the AVC test as the measure of reasonableness for below-band filings (first for AT&T, and then for LECs), it did not elaborate on the level of detail, the sources of data, or the nature of the assumptions that would be required to meet that test.^{3/} Indeed, the court decisions that have applied AVC analysis to evaluate claims of predation indicate that the details of various AVC showings may vary considerably.^{4/} Indeed, in those few instances in which the

^{3/} See, Policy and Rules Concerning Rates for Dominant Carriers, 4 FCC Rcd 2873, 3114-15 (1989) (AT&T Price Cap Order).

^{4/} Id. at 3115.

Commission has subjected AT&T and LEC rates to AVC scrutiny, the nature of the cost data, and the level of detail required, have varied significantly.^{5/}

In drafting its AVC analysis in the instant proceeding, the Commission must ensure that all variable costs associated with the provision of GTE's switched transport services be recovered through the appropriate rate elements. Absent such assurance, established court precedent imposes a presumption that the rates in question are predatory and likely benefitting from unlawful cross-subsidization.^{6/} In addition, the Commission must ensure that the GTE rates are consistent with the decisions concerning switched transport pricing that the Commission is expected to release in CC Docket No. 91-213 and CC Docket No. 91-141 in the near future.

ALTS posits that the key to establishing a reasonably effective AVC standard is reviewing data that identifies variable costs that will be incurred by a LEC over a reasonable period of

^{5/} In reconsidering the AT&T Price Cap Order, the Commission stated that "there exist different ways to demonstrate that a service category's rates cover its average variable cost." Policy and Rules Concerning Rates for Dominant Carriers, 6 FCC Rcd 665, 682 n.42 (1991) (citing AT&T Communications, 4 FCC Rcd 8466 (1989) (showing that average revenue exceeds average cost may suffice to meet the AVC standard, assuming consistent measures of demand are employed)); in suspending GTE Transmittal No. 711 for failing to provide cost data adequate to demonstrate recovery of AVC, the Commission required a higher level of cost disaggregation than had been provided by GTE in previous below-band filings. Compare GTE, Tariff F.C.C. No. 1, Transmittal No. 711 with GTE Transmittal No. 694 and Transmittal No. 673.

^{6/} E.g., Southern Pacific Communications v. AT&T, 740 F.2d 980, (D.C. Cir. 1984); Northeastern Telephone Co. v. AT&T, 651 F.2d (2d Cir. 1981), cert. denied, 455 U.S. 943 (1982).

time. The mix of fixed and variable costs associated with a service will fluctuate over time, depending on the company's product cycle. For a company just starting a service, virtually all of its costs are variable, because they all are required to provide the first increment of service. In 1992, this is the case with respect to both LECs and CAPs, because virtually all new circuits are provided over new fiber optic facilities.

In order to capture a reasonable representation of a LEC's variable costs, it is imperative that the Commission take into account the accelerated levels of new investment in fiber optic facilities that GTE (and other LECs) has evidenced over recent years, and which will continue in the foreseeable future, by considering cost data over a reasonable period of time. Such temporal averaging is necessary to account for "lumpy" investment patterns by the LEC, e.g., investments that are made at uneven intervals over time. In its direct case, GTE implicitly concedes that such averaging is appropriate by providing data on an annual reporting basis. ALTS posits that one-year averaging is inadequate to capture all relevant variable costs, however. Moreover, the AVC tests adopted by academics and the courts do not identify any specific time frame for use with the AVC test,²¹ and the Commission may exercise its discretion to

²¹ As Areeda and Turner note, "[t]here is, of course, no single time period that determines the short or long run. As the time period lengthens, more fixed costs become variable." Areeda & Turner, Predatory Pricing and Related Practices Under Section 2 of the Sherman Act, 88 Harv. L. Rev. 697, 701 n.15 (1975) (Areeda).

formulate an AVC standard best designed to achieve the public interest goal of assuring reasonable, non-predatory LEC rates.^{8/} As a threshold matter, ALTS requests that the Commission clarify that its AVC test requires an averaging of LEC investment data over the most recent five-year period.^{2/}

As ALTS discusses below, under any reasonable construction of the AVC test, GTE's direct case fails to show that the rates proposed in Transmittal No. 711 recover relevant variable costs. As a result, it must be presumed that the rates proposed by GTE are set at predatory levels, and the filing must be rejected.

III. GTE'S DIRECT CASE FAILS TO DEMONSTRATE THAT ITS PROPOSED LOCAL TRANSPORT FACILITY AND TERMINATION CHARGES RECOVER AVC

In the 1992 Access Order, the Commission set a demanding standard for the cost data required of GTE to support its proposed below-band switched services rates: "[t]he full incremental cost studies supporting the summary results are

^{8/} The importance of these public policy goals should caution the Commission to err on the side of longer-term analysis to avoid excluding relevant variable costs. Significantly, in finding that rates proposed by AT&T passed the AVC test, the Commission found that AT&T's showing included some fixed costs. The Commission noted that "[s]uch a showing gives us even more confidence that the rates cover average variable cost." Policy and Rules Concerning Rates for Dominant Carriers, Order on Reconsideration, 6 FCC Rcd 665, 682-83 n.42 (1991).

^{2/} Areeda and Turner note that the AVC test should be forward-looking, and should capture variable costs that will be incurred in the future. They note, however, that: "[o]f course, historical costs may be the best approximation of costs for the near future" unless proven otherwise by the subject company. Areeda, 88 Harv. L. Rev. at 716-17.

required to evaluate the reasonableness of the filing, e.g., the type and cost of equipment used to provide transport and the amount of usage of the equipment."^{10/} As ALTS shows below, GTE has failed to meet this standard, and its proposed rate revisions must therefore be rejected.

**A. GTE Must be Required to Submit Data
Concerning Costs in its Remaining
Service Areas**

GTE provides cost data only for those four study areas in which it proposes to reduce rates to below-band levels. ALTS firmly believes that a responsible review of GTE's costs of service in its California, Florida, Southwest and Washington/Oregon/California-West-Coast service areas is impossible without a review of comparable cost data from GTE's other service areas. In its reply to ALTS' initial opposition to Transmittal No. 711, GTE contended that its pre-Price Cap rates in all of its service areas were based on cost: "Under rate of return regulation, rates were based upon fully distributed costs. These costs varied among LEC serving areas resulting in different rates."^{11/} In light of this assertion, it can be assumed that GTE's rates should bear a somewhat stable relationship with their underlying costs in all of GTE's service areas.

Yet, if GTE's proposed switched transport rate reductions are allowed to take effect, the reduced rates would be

^{10/} DA 92-841 at para. 16.

^{11/} Reply of the GTE Operating Companies and the GTE System Telephone Companies, filed in the matter of Transmittal No. 711, dated May 14, 1992, at page 5.

set at levels far below those in effect for identical services in other GTE service areas. For example, GTE's proposed premium transport termination charge for California would be set 84 percent below GTE's Montana rates, 76 percent below GTE's Michigan Rates, 72 percent below GTE's Illinois rates, and 55 percent below its Pennsylvania rates.^{12/} While legitimate cost differences likely will exist among different LEC service areas, it is highly unlikely that GTE's costs for switched transport termination in California declined by 50-80 percent overnight -- or even in the two years since the adoption of Price Cap regulation -- while its costs in other service areas remained relatively unchanged.

Thus, the extraordinary cost differentials now asserted by GTE among its various service areas are highly questionable. The admittedly higher levels of costs in GTE's Montana, Michigan, Illinois and Pennsylvania service areas strongly indicates that GTE's direct case underreports the relevant costs in the four service areas under investigation. Prudent regulatory practice mandates that the Commission investigate this highly irregular aspect of the GTE filing.

^{12/} See Petition of the Association for Local Telecommunications Services to Reject, or Alternatively, to Suspend and Investigate Proposed Tariff Revisions, filed in the matter of GTE Transmittal No. 711 (Annual 1992 Access Tariff Filings), dated April 29, 1992, at page 8.

B. GTE has Underreported its Switched Transport Termination Costs

The cost detail provided by GTE excludes whole categories of relevant variable costs associated with its provision of switched transport termination. For example, GTE fails to include costs associated with monitoring and testing switched circuits. A typical service configuration requires alarm equipment that allows the remote monitoring of power levels and bit error rates for the circuit. In addition, technicians directly test individual circuits using portable test equipment. Costs for these alarm systems and portable testing equipment are directly proportional to increases in demand for service.

Another significant source of costs excluded from GTE's direct case is spare equipment. Any service provider must keep readily available a certain amount of spare line cards, power units, channel plug-in units, and other equipment in case of an equipment outage. While this is standard practice for all carriers, which incurs costs in direct proportion to the carrier's service output, GTE makes no allowance for such spare equipment.

The combined cost of test equipment and spares is significant. ALTS appends to this filing as Attachment A a page from Illinois Bell's intrastate Optical Interconnection Service tariff. This tariff, which provides virtual interconnection for fiber-optic based special access services, lists a separate rate schedule that reflects Illinois Bell's charges for test and spare equipment. These charges -- presumably based on cost -- amount

to a total of \$487.00 per 90 Mbps system. While ALTS does not argue that GTE should reflect identical costs for its spare and test equipment, the Illinois Bell rates make clear that the costs excluded by GTE are significant. Indeed, Illinois Bell's tariffed charges of \$487.00 amount to almost one-third of the entire variable cost GTE reports for a fiber-based special access line termination.

Finally, GTE excludes a variety of miscellaneous variable cost elements associated with service. These include equipment racks (or "bays") and power supplies and fuse panels. In effect, GTE identifies various individual pieces of equipment (multiplexers, channel banks, cross-connects) but does not include the cost of the racks in which they are installed or their power sources.

These omissions from GTE's cost detail make clear that GTE has underreported the costs associated with transport termination, and require that the GTE filing be rejected.

C. GTE has Underreported its Switched Transport Facility Costs

As with its transport termination costs, GTE apparently has understated the variable costs associated with transport facility as well. GTE wholly excludes the cost associated with conduit for its interoffice transport. Similarly, GTE includes the cost of repeaters for its copper transmission facilities,^{13/}

^{13/} Direct case, detail 2 of 9.

but fails to report the cost of any repeaters for its fiber cable.

Perhaps more significantly, GTE allocates the costs associated with its tandem offices entirely to switched transport termination.^{14/} In fact, these costs should be allocated entirely to switched transport facility. The purpose of the tandem office is to aggregate traffic and to minimize the costs associated with interoffice transport. The function of the tandem offices therefore increases transport efficiency, and has nothing to do with the termination functions characterized by optical terminating line multiplexers, channel banks, and similar equipment. The failure to include the tandem cost element in the reported costs of GTE's switched transport facility ensures that GTE's rates for that service are set at predatory levels,^{15/} and will be subsidized by revenues from GTE's switched termination service, which is not subject to competition. This evidence of unlawful cross-subsidization compels rejection of the filing.

D. GTE has Excluded Relevant Expense Amounts

GTE reports expense amounts for depreciation, taxes, nonrecoverable cost, installation and maintenance. This list is hardly exhaustive of the variable expenses associated with switched transport service, however. GTE completely fails to

^{14/} Direct case at 3.

^{15/} This is especially the case in Florida, where GTE set its switched transport facility rates at AVC. Failure to assign any relevant cost to that category renders the proposed rate de facto predatory.

mention costs associated with sales of its service.^{16/} These include the costs of marketing, order processing, billing and collection, and recordkeeping. It is incontrovertible that these costs are variable -- they are incurred in direct proportion to incremental sales. GTE's failure to include these costs stands in direct contravention of the Commission's explicit direction: "We do observe, however, that the average variable cost of any service must include all access charges and billing and collection costs attributable to that service, as well as other non-fixed costs which would not be incurred if the services were not offered."^{17/}

It is clear that such costs are not incorporated in some catchall category, because GTE reports zero costs associated with the "other" and "administration" cost categories.^{18/} GTE's failure to include the costs associated with the activities identified above thus constitutes a direct violation of the Price Cap rules, and requires rejection of the filing.

E. GTE Appears to Overstate Output

GTE's methodology for determining output is vague, and its output is never quantified. Moreover, the methodology explained by GTE suggests that it grossly overstates its output.

^{16/} In addition, GTE fails to include the cost of capital, another variable expense directly related to its incremental investment.

^{17/} AT&T Price Cap Order, 4 FCC Rcd at 3115.

^{18/} Direct case, Workpaper TS-BB-4, Original 4/2/92 (emphasis added).

GTE begins by describing how it would determine the output of a 565 Mbps optical line terminating multiplexer ("OLTM"). First it would divide the complete megabit capacity of that piece of equipment by 12 to obtain the cost per DS3-equivalent circuit. It would then divide that number by 28 to obtain the cost per DS1-equivalent circuit. This result would be divided by 24 to obtain the cost per voice-grade equivalent circuit.^{19/} This approach is fundamentally flawed because it assumes a 100 percent fill factor for each level of division. This assumption is, of course, wholly unrealistic.

GTE appears to attempt to correct this shortcoming by applying "network utilization factors" of 90 percent for circuit equipment and 75 percent for outside plant.^{20/} GTE does not discuss the derivation of these figures or explain how they are applied to reported costs. Instead, GTE simply notes that "output from these cost models is shown on DETAIL pages 1 through 8."^{21/} However, these detail pages provide only net figures, and do not show how the usage factors were applied. Yet the application of these factors is critical. For example, in the 565 OLTM example cited above, does GTE apply the 90 percent utilization factor to the final voice grade cost estimate, or to every level of division from OLTM to DS3 to DS1 to voice grade? The difference is significant -- the former approach would assume

^{19/} Direct case at 4.

^{20/} Id.

^{21/} Id.

100 fill for all DS3 and DS1 circuits, and would apply a usage reduction only to the voice grade-equivalent circuits. If this is the approach taken by GTE, it grossly overstates the output from the OLTM in the example, and understates the cost associated with providing service.^{22/} The ambiguity of GTE's approach clearly is noncompliant with the Commission's explicit direction to provide detailed data concerning "the amount of usage of the equipment."^{23/}

**F. The Flaws in the GTE Direct Case
 Compel Rejection of the Filing**

As ALTS has demonstrated above, GTE excludes significant cost elements from its direct case. Evidence of significant excluded costs renders the GTE filing incapable of passing the Commission's AVC test. This is particularly the case with GTE's proposed rate for premium switched transport facility in Florida, which purportedly is set precisely at AVC. GTE's pricing for this service leaves no room for error, and requires that the Commission reject the filing if it concludes that GTE has failed to account for any relevant measure of cost for that service category. In addition, GTE's ambiguous and inadequately explained methodology for computing output, by itself, constitutes grounds for rejection of the filing.^{24/} Moreover,

^{22/} Similarly, GTE notes a 75 percent utilization factor for outside plant, but fails to describe how that is applied to derive the reported cost of the 24 fiber cable.

^{23/} 1992 Access Order, DA 92-841, at para. 16.

^{24/} AT&T Communications, 4 FCC Rcd 8466 (1989) (rejecting AVC cost showing for failure to reconcile cost and output data).

the obvious and excessive nature of GTE's attempt to exclude costs from its supporting data strongly indicates bad faith on GTE's part, and casts considerable doubt on the veracity of the AVC data that GTE has submitted in the past to justify other below-band filings.

IV. GTE'S PROPOSED RATES ARE OTHERWISE UNREASONABLE

GTE attempts to cull from existing court precedent a theory that "[p]rices cannot be predatory if they respond directly to competition and are, in fact, not lower than the competitor's price."^{25/} In so doing it seeks to establish the LEC's intent as a pivotal issue in evaluating the reasonableness of rates: if the LEC's rates are merely an attempt to meet competition, and not to drive competitors out of the market, they should be found reasonable. This theory is wholly without merit, and should be rejected summarily.

First, relevant precedent forecloses the adoption of an "intent" test. The court in Henry v. Chloride, Inc.,^{26/} after conducting a review of economic literature and court decisions, concluded that "[c]ourts have therefore gradually limited the concept of predatory intent as desire to harm and replaced it with 'a set of objective economic conditions that allow the court to "infer" improper intent.'"^{27/} The Commission explicitly

^{25/} Direct case at 15.

^{26/} 809 F.2d 1334 (8th Cir. 1986).

^{27/} Id. at 1344.

recognized this trend in adopting its Price Cap rules. In the AT&T Price Cap Order, the Commission adopted the objective AVC test after concluding that "[d]isagreement exists on . . . the role of intent in finding antitrust violations."^{28/}

Moreover, the Commission's mandate under the Communications Act to ensure just and reasonable rates requires that the Commission take into account broader public interest concerns than a court applying the antitrust laws.^{29/} Thus, while GTE states that the Price Cap rules would inhibit it from raising service rates to supracompetitive levels if CAPs are driven out of the market, the Commission is required to consider other results of predatory pricing that would disserve the public interest. For example, predatory pricing may be used to discipline competitors without necessarily driving them out of the market.^{30/} Predatory pricing may also be used to raise barriers to competitive entry by setting LEC rates at uneconomic levels, i.e., underpricing competitors whose long-run costs of

^{28/} 4 FCC Rcd at 3115 (footnote omitted). Moreover, even if lack of predatory intent is relevant, GTE has not made a showing adequate to support a determination of intent in this case. GTE merely asserts that its 70 and 80 percent rate cuts are simply intended to meet competition, and that the rates remain above those charged by CAPs. GTE provides no support for this assertion, however, and a survey by ALTS of its membership has determined that the GTE proposed rates would be set at levels well below CAP rates for substitutable services.

^{29/} Policy & Rules Concerning Rates for Dominant Carriers, 3 FCC Rcd 3195, 3371, n.705 (1988). See Satellite Business Systems, 62 F.C.C.2d 1102, 1110 and passim (1975).

^{30/} MCI Communications v. AT&T, 708 F.2d 1081, 1122 (11th Cir. 1983).

production may be lower than the LEC's.^{31/} Moreover, the 70-80 percent rate cuts proposed by GTE also raise barriers to entry by inducing extraordinary volatility into the market, and creating regulatory uncertainty adequate to dissuade potential entrants.

Ultimately, therefore, the Commission's established policies in applying the public interest standard under the Communications Act have established cost as the basis for judging the reasonableness of dominant carriers' rates. GTE's attempt to establish a new standard based on factors other than cost is baseless, and must be rejected.

V. CONCLUSION

As ALTS has shown herein, the GTE direct case fails to demonstrate that the switched transport rates proposed in Transmittal No. 711 recover average variable cost. In addition, the proposed rates are otherwise unreasonable, in contravention of the Communications Act, established Commission decisions and

^{31/} A. Kahn, 1 The Economics of Regulation, 85 (1988).

sound public policy. For these reasons, the Commission is compelled to reject the filing.

Respectfully submitted,

/s/John C. Shapleigh
John C. Shapleigh
President and General Counsel

Association for Local
Telecommunications Services
7536 Forsyth Boulevard, Suite 1240
St. Louis, Missouri 63105

Counsel for ALTS:
Jonathan E. Canis
Swidler & Berlin, Chartered
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
(202) 944-4300

Dated: August 17, 1992
D44940/

ATTACHMENT A

**EXCERPT FROM ILLINOIS BELL
COLLOCATION TARIFF**

ILLINOIS BELL TELEPHONE COMPANY
By J. R. Ake, Vice Pres. - Reg. Affairs
225 West Randolph Street
Chicago, Illinois 60606
Issued: February 20, 1991

ILL. C. C. NO. 15
Original Page 357.8

Effective: April 7, 1991

- ACCESS SERVICE -

7. Special Access Service (Cont'd)

7.5 Rates and Charges (Cont'd)

7.5.14 Optical Interconnection Service (Cont'd)

(N)

(A) Optical/Electrical Interface Service (OEIS) (Cont'd)

(5) Digital Cross-Connection Panel

The Digital Cross-Connection Panel (DSX) provides a termination field for DS-3 or DS-1 OLTM-derived channels from which ECCS interconnection may be effected. For each DS-3 channel requested in the OLTM System configuration, one DSX-3 termination is required. For DS-1 channels requested in the OLTM System configuration, one DSX-1 panel is required for each 56 DS-1 channels.

	<u>I.N.C.</u>	<u>Per Month</u>
(a) Per DSX-3 termination (1 DS-3 termination)	-	\$ 5.00
(b) Per DSX-1 Panel (56 DS-1 terminations)	-	25.00

(6) Test Equipment and Maintenance Spare Equipment

(x)

The Interconnector is responsible for ordering Test Equipment and Maintenance Spare Equipment.

Test equipment consists of a Craft Interface Terminal Unit (terminal), cart-mounted and equipped with a connector cord compatible with the OLTM. The terminal will be located in a Company central office and will be used exclusively for cooperative OEIS testing with the Interconnector.

Maintenance Spare Equipment consists of two components:
1) an OLTM shelf installed, but not wired, in an equipment bay for storage of spare OLTM plug-ins, and
2) placement and storage of maintenance spare plug-in units within the OLTM storage shelf. Interconnector must order sufficient OLTM storage shelf capacity for the quantity and type of maintenance spare plug-in units ordered.

(N)

(x) Rates indicated are contingent upon underlying supplier agreement as described in this Section.

(N)

(N)

ILLINOIS BELL TELEPHONE COMPANY
By J. R. Ake, Vice Pres. - Reg. Affairs
225 West Randolph Street
Chicago, Illinois 60606
Issued: February 20, 1991

ILL. C. C. NO. 15
Original Page 357.9

Effective: April 7, 1991

- ACCESS SERVICE -

7. Special Access Service (Cont'd)

7.5 Rates and Charges (Cont'd)

7.5.14 Optical Interconnection Service (Cont'd)

(N)

(A) Optical/Electrical Interface Service (OEIS) (Cont'd)

(6) Test Equipment and Maintenance Spare Equipment (Cont'd) (x)

	<u>I.N.C.</u>	<u>Per Month</u>
(a) Test Equipment, per Craft Interface Terminal Unit (Random Colleague model by Random Corporation)	-	\$ 35.00
(b) Maintenance Spare Equipment		
per AT&T DDM 1000 OLTM Storage shelf	-	35.00
Placement and Storage, per AT&T DDM 1000 plug-in		
a. Power Unit - 48V	-	17.00
b. Circuit Pack Processor	-	30.00
c. Circuit Pack DS-3/1 MXR	-	40.00
d. Circuit Pack DS3 ELIU	-	6.00
e. Circuit Pack Telemetry	-	12.00
f. Circuit Pack DS3U2	-	40.00
g. Circuit Pack DS1 Interface	-	17.00
h. Optical Line Interface Unit 180 Mbps	-	140.00
i. Optical Line Interface Unit 90 Mbps	-	115.00

(N)

(x) Rates indicated are contingent upon underlying supplier agreement
as described in this Section.

(N)
(N)

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of August 1992,
copies of the aforementioned ASSOCIATION FOR LOCAL TELECOM-
MUNICATIONS SERVICES OPPOSITION TO DIRECT CASE were sent via
hand-delivery to the following:

Cheryl A. Tritt, Chief
Common Carrier Bureau
Federal Communications
Commission
1919 M Street, N.W.
Room 500
Washington, D.C. 20554

Gregory J. Vogt, Chief
Tariff Division
Federal Communications
Commission
1919 M Street, N.W.
Room 518
Washington, D.C. 20554

Mary L. Brown
Deputy Chief
Tariff Division
Federal Communications
Commission
1919 M Street, N.W.
Room 518
Washington, D.C. 20554

Colleen Boothby
Associate Chief
Tariff Division
Federal Communications
Commission
1919 M Street, N.W.
Room 518
Washington, D.C. 20554

Judith A. Nitsche, Chief
Tariff Review Branch
Federal Communications
Commission
1919 M Street, N.W.
Room 518
Washington, D.C. 20554

Ann H. Stevens, Chief
Legal Branch
Federal Communications
Commission
1919 M Street, N.W.
Room 518
Washington, D.C. 20554

Mark Uretsky
Tariff Division
Federal Communications
Commission
1919 M Street, N.W.
Room 518
Washington, D.C. 20554

Roxanne McElvane, Esq.
Tariff Division
Federal Communications
Commission
1919 M Street, N.W.
Room 518
Washington, D.C. 20554

Downtown Copy Center
Federal Communications
Commission
1919 M Street, N.W.
Room 246
Washington, D.C. 20554

Gail L. Polivy, Esq.
Gordon Maxson, Esq.
Counsel for GTE
1850 M Street, N.W.
Suite 1200
Washington, D.C. 20036

/s/Sonja L. Sykes
Sonja L. Sykes